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NATIONAL INTELLIGENCE DAILY CABLE

Saturday 18 November 1978

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NATIONAL SECURITY INFORMATION

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National Intelligence Daily Cable for Saturday, 18 November 1978.

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The NID Cable is for the purpose of informing senior US officials.

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IRAN: Situation Report

25X1 [] //Former Iranian Prime Minister Ali Amini is attempting to arrange political discussions between the Shah and the moderate opposition in the hope of beginning the process of political reconciliation before the potentially dangerous Moharram--the Muslim month of mourning--starts on 2 December. The current polarization of Iranian politics and Amini's reputation as a tool of the US will be grave impediments, however, to any effort to launch serious negotiations.//

25X1 [] //Amini, himself a prominent moderate opponent of the Shah, said on Thursday that he has been meeting separately with the Shah and opposition groups. He hopes to bring the Shah into contact with influential dissidents, especially students and leading bazaar merchants, to provide the impression that the Shah still wants to continue political liberalization. National Front politicians, according to Amini, would eventually be brought into the process, presumably to discuss the formation of a coalition government that would make preparations for elections in June.//

25X1 [] //Amini recognizes the urgency of his task. He believes moderate religious leaders can maintain relative calm until Moharram, but he is worried that extremist religious leader Ayatollah Khomeini may produce chaos then if efforts toward a political settlement fail.//

25X1 [] //Dissidents sparked minor incidents in Tehran and a few other cities yesterday, but the security situation remained generally quiet. The government yesterday held a military parade marking armed forces day, reversing an earlier decision to cancel the event. The Shah apparently wanted both a show of force and a martial display that might inspire support.//

25X1 [] //There was an anti-US incident on Tuesday in Semman, 180 kilometers east of Tehran, where an empty bus of a US contractor was blown up near the residences

[redacted]

of US employees. There were no injuries. According to unconfirmed press reports, hundreds of Soviet technicians and dependents are leaving Iran, apparently out of concern for their safety.//

25X1 [redacted] //Prime Minister Azhari yesterday appointed eight civilians to his cabinet, making it now a predominantly civilian group. Azhari has had difficulty in recruiting prominent civilians, and in many cases has elevated undersecretaries. Military men continue to hold key posts--defense, interior, energy, labor, and information. 25X1 [redacted]

VIETNAM-USSR: Economic Ties

25X1 [redacted] *Vietnam's conclusion early this month of a friendship treaty with the USSR, along with several new economic agreements, was but its latest step toward closer ties with the USSR. In June, Vietnam joined the Soviet-dominated Council for Mutual Economic Assistance after fending off Soviet pressure to do so for several years. Vietnam's leaders have evidently concluded that their problems with China and Kampuchea and their weak economy require them to compromise the independent, non-aligned image they had been cultivating in favor of the greater economic security offered by closer ties with the USSR.*

25X1 [redacted] Benefits to Vietnam from CEMA membership, at least initially, are not likely to go much beyond the bilateral aid and trade programs Hanoi had already developed with most major CEMA members. These bilateral accords are reported to commit CEMA members to support Vietnam with some \$640 million annually through 1980--almost three-fifths of all aid and credits promised to Vietnam during the period. Most of the economic aid is in the form of bilateral credits, which Hanoi presumably hopes will ultimately be written off.

25X1 [redacted] Vietnam no doubt wants CEMA members to take over the aid projects abandoned by China earlier this year and offset China's withdrawal of \$300 million in annual aid. CEMA members will probably be very selective

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in providing aid, however, to avoid straining their own resources. So far, the USSR has agreed to help complete a major Chinese bridge project near Hanoi, and Poland has bowed to a Soviet request to take over two small industrial projects.

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[] Vietnam may gain in other ways from CEMA membership. It may receive food aid on more favorable terms and possibly in greater amounts. Bilateral programs may be better coordinated. Vietnam will receive guidance from CEMA in formulating economic plans. Vietnamese leaders also probably hope that trade with CEMA members may be enhanced by improved shipping and clearing arrangements on a multilateral basis. The implied institutional backing of CEMA may improve Vietnam's creditworthiness in the eyes of Western bankers.

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[] Vietnam has not been received enthusiastically by all CEMA members, many of which believe Vietnam's membership was rammed through by the USSR and believe Vietnam has little to offer Eastern Europe.

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[] We believe Vietnam's leaders have moved closer to the USSR with reluctance and are concerned about the growth of Soviet influence over them. []

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RHODESIA: South African Views

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[] South African Prime Minister Botha, at a meeting this week with leaders of Rhodesia's transitional government, apparently expressed South Africa's concern over the lack of progress toward a settlement in Rhodesia. The South Africans are frustrated over delays in the internal settlement and the poor prospects for progress under the UK-US plan, and they are worried that their interests in the region could be adversely affected if the Rhodesian conflict drags on indefinitely.

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[] //Rhodesian Prime Minister Smith and his three black partners in the transitional government were invited to South Africa by Botha for the meeting on Wednesday. Although we know little about the substance

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of the discussions, a South African Foreign Ministry official told the US Embassy that Botha had "laid it on the line" to the Rhodesians.//

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[] //The official said the Rhodesian situation is getting worse and is affecting South Africa's interests. He asserted that Smith's repeated delaying tactics are trying South Africa's patience and that Rhodesia should make up its mind between the internal settlement and the UK-US plan and move ahead toward a settlement.//

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[] At the meeting, the Rhodesians probably tried to get South African support for their decision--announced the following day--to postpone elections under the internal settlement. Although the South Africans probably were not happy, Smith and his colleagues may have persuaded them that the postponement could not be avoided and that Rhodesia would make every effort to meet a new timetable. In any case, South Africa is unlikely to make an early cutback in its current military and economic aid to Rhodesia. []

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SPAIN: Rightist Activities

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[] *Spanish ultrarightists will gather in Madrid this weekend to mark the third anniversary of Franco's death on Monday amid growing tension as Spain prepares to ratify the new constitution on 6 December. More moderate rightists, meanwhile, have split over the constitution--possibly presaging a realignment of forces on the right half of the political spectrum.*

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[] Franco has been rapidly transformed into a distant historical figure rarely mentioned by name. Two years ago, on the first anniversary of his death, the King and the entire cabinet attended a memorial mass at his tomb. Last year, however, the King attended a private mass, and most government members were conspicuously absent. Francoist extremists won less than one percent of the vote in last year's parliamentary election, and the so-called "civilized right," represented by Manuel Fraga's Popular Alliance, also apparently suffered at the polls.

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25X1 [] Nevertheless, by trading on common fears that democratization is somehow responsible for the terrorism, economic problems, and high unemployment that have plagued Spain in recent years, the extremists have consistently turned out large crowds--including many young people--for their rallies. Escalating terrorist attacks this month and parliamentary passage of the draft constitution gave them new focus for their diatribes.

25X1 [] As the ultraright steps up its campaign, the "civilized right" appears to have splintered. In late October, the main body of Fraga's Popular Alliance endorsed the new constitution, albeit unenthusiastically. Its action provoked two small groups that oppose the charter to "suspend" their membership.

25X1 [] Thus divested of some of the most embarrassingly Francoist members of his party, Fraga has apparently agreed to form an alliance with the "New Majority"--a nondescript electoral coalition of center-right politicians led by former ministers Areilza and Osorio--in the hope of carrying more political weight.

25X1 [] If the "New Majority" is to develop into a real political force, however, its leaders must first settle their personal rivalries--all three have prime ministerial ambitions--and then develop the image of a modern conservative party. They presumably hope that the right wing of Prime Minister Suarez' party would then press him to turn to them as a logical ally for his minority government. Suarez, however, has strong reasons for wanting to keep Fraga and his colleagues at arm's length--not least in order to preserve his own hard-won centrist credentials. []

ARGENTINA-CHILE: Stalemate

25X1 [] *//Argentina and Chile have made no progress toward resolving their differences over the Beagle Channel, despite their contention earlier this month that they were willing in principle to accept outside mediation. Neither country wants to give the impression that it is caving in to pressure, and each is now accusing the other of acting in bad faith.//*

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[REDACTED] //Argentina apparently seized upon the third-party mediation formula proposed by Chile in order to allay international fears that it was preparing to attack. Last week, however, it publicly conditioned its acceptance on a preliminary round of strictly bilateral talks--a condition Chile is unwilling to accept.//

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[REDACTED] //Although the Argentine Ambassador to Chile has been recalled twice for high-level consultations, there is no evidence that serious efforts are under way to select a mediator. Argentina has hinted that it is willing to approach Spanish King Juan Carlos during his state visit later this month, but Chile reportedly views the King as biased in Argentina's favor and, therefore, as unacceptable.//

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[REDACTED] //Despite the apparent stalemate, Argentina's conditional acceptance of mediation indicates that President Videla is making every effort to defuse the issue. He is still under strong pressure, however, from conservative generals and younger officers to resort to arms if the impasse is not broken. Tensions are reported to have subsided somewhat, but both nations are maintaining their military forces in a high state of readiness.

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[REDACTED] Most Argentines, however, realize that the nation cannot continue indefinitely on a war footing because of the high costs involved.//

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[REDACTED] //In spite of Argentina's obvious military superiority, the Chileans are apparently willing to risk a brief clash rather than concede their territorial claims. Indeed, Chile has become increasingly adamant in its refusal to compromise, and its diplomats are pressing to take the issue back to The Hague for a new arbitration ruling. President Pinochet and his advisers know that they have strong international support and believe the Argentine Government is becoming increasingly isolated by its own tactics. [REDACTED]

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ISRAEL: Likud Faction Splits

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[] *The small rightwing Laam faction of Prime Minister Begin's dominant Likud bloc reportedly split yesterday into two groups, each holding four seats in parliament. Members of the dissident group that apparently precipitated the split, led by former Commerce Minister Yigal Hurvitz, and the Laam rump, headed by Health Minister Eliezer Shostak, have indicated their desire to remain within Likud and the Begin coalition.*

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[] Laam was organized only a couple of years ago by a disparate group of secessionists from other parties. The faction shared little more than a fairly hard line on peace negotiations, and its leading figures had become repeatedly embroiled in recent months in bitter personal rivalries and ideological disputes.

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[] Laam's split has been expected since Shostak voted in favor of the Camp David accords during the Knesset debate in September, in violation of his faction's decision not to support them. Hurvitz resigned his portfolio in protest against the accords and thereafter launched into angry attacks on Shostak for failing to do the same.

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[] Hurvitz and the others in his new party are strong supporters of Israeli settlement activity in the occupied territories. They adamantly opposed Begin's agreement to abandon the Sinai settlements, an action they regard as setting a dangerous precedent for future West Bank and Gaza Strip negotiations. []

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YUGOSLAVIA: Terrorists

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[] *Yugoslavia's announcement yesterday that it has denied West German extradition requests for four Baader-Meinhof terrorists arrested in May and has released the terrorists will probably usher in a period of uneasy bilateral relations.*

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25X1 [] Although the Tito regime maintains that the case was decided solely on its legal merits, the outcome was clearly in retaliation for an earlier West German refusal of a Yugoslav extradition request for eight Croat emigres.

25X1 [] According to the West German Embassy in Belgrade, the decision to release the German terrorists was fought by the Yugoslav Foreign Ministry, which is probably concerned about refurbishing the country's poor record in such matters. Two years ago, the international terrorist "Carlos" passed safely through Belgrade while the government ignored West German extradition requests.

25X1 [] Yugoslavia is braced for a storm of press criticism from West Germany, although German officials are likely to play down the incident in their private dealings with Belgrade in order to limit damage to bilateral relations. Yugoslavia's reaction is likely to be self-righteous, and it will be indiscriminate in its insinuations of Western backing for anti-Titoist terrorism. Belgrade radio, in announcing the extradition refusal, has already reported that a Yugoslav citizen was killed recently by unidentified terrorists in West Germany.

25X1 [] The whereabouts of the Baader-Meinhof four is unknown, but they may already have left the country. The official announcement said only that they had been declared personae non gratae. []

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SUDAN: Numayri's Problems

25X1 [] //Sudanese President Numayri's problems, both at home and abroad, are increasing. He has been unable to achieve a reconciliation with his conservative opponents, and his attempts to improve relations with Libya and Ethiopia have hit snags. []

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25X1 [] Continued Army support will nonetheless probably enable Numayri to deal with any threats over the short term.//

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[redacted] //Numayri's endorsement of the Camp David accords and the likelihood that he will renege on a promise to hold "open and early" elections for the Sudan Socialist Union, the country's only legal political organization, have caused a serious rift between him and Sadiq al-Mahdi, the leader of the Ansar Muslim sect who returned from exile last year. Although Sadiq appears to have backed off from a threat to resign from the central committee and politburo of the Socialist Union, he remains unhappy with Numayri's failure to allow him to play a meaningful role in the government and may again go into exile.//

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[redacted] //The President's stand on the accords has also offended Libyan leader Qadhafi and ended, at least for the time being, progress toward a rapprochement. [redacted]

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[redacted] Relations with Ethiopia have also worsened. Numayri has complained to US officials of cross-border raids from Ethiopia, has charged that the Ethiopians were behind the distribution of anti-Sudanese leaflets in Eritrean refugee camps in Sudan, and has said there is evidence of Ethiopian support for dissidents in southern Sudan.

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[redacted] //The key to Numayri's survival remains the loyalty of the Army. Although there have been several reports indicating that morale among senior officers is low, there is no evidence that discontent is widespread, and most sources agree that the Army is basically loyal to the President.// [redacted]

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BRIEFS

Rhodesia

25X1 [] Co-Minister of Defense Roger Hawkins resigned yesterday, reportedly for reasons of ill health, and was replaced by Hilary Squires, who had been serving as Justice Minister. As Justice Minister, Squires took a no-compromise position regarding the guerrillas, and he can be expected to advocate an aggressive military policy, including stronger retaliation against Zambia and Mozambique.

25X1 [] Squires' appointment comes at a time when Prime Minister Smith's security advisers have concluded that they can strike at guerrilla bases in neighboring countries without incurring strong military or political opposition. Squires' stand against compromising with the guerrillas is well-known to Patriotic Front leaders Joshua Nkomo and Robert Mugabe, and his appointment will make them even more wary of a political settlement with the Salisbury regime. []

USSR-CEMA

25X1 [] A French aerospace magazine, *Air and Cosmos*, has published a tentative schedule for visits to the USSR's Intercosmos Council, as saying that cosmonauts from five of the remaining Council for Mutual Economic Assistance countries that have yet to participate in the space venture. The magazine quotes Boris Petrov, chairman of the USSR's Intercosmos Council, as saying that cosmonauts from Bulgaria, Hungary, Cuba, Mongolia, and Romania will be ferried to the orbiting station in that order.

25X1 [] Radio Havana has announced that the Cuban cosmonaut is scheduled for 1979, which suggests that the Bulgarian and Hungarian cosmonauts will also be sent to the space station next year. We expect that Salyut-6 will be remanned by a Soviet crew early in the year and that the other cosmonaut visits will begin next summer.

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